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SENATE BILL 1835

By Davis L

AN ACT to amend Tennessee Code Annotated, Title 47, Chapter 25, relative to warranties.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 47, Chapter 25, is amended by adding the following new part:

47-25-1801. The terms "inventory," "retailer," and "supplier" shall have the same meaning as provided in Section 47-25-1301.

47-25-1802. Claims by a retailer for payment under warranty agreements pertaining to inventory shall either be approved or disapproved within thirty (30) days of receipt by the supplier. All approved claims shall be paid within thirty (30) days of their approval. When any such claim is disapproved, the supplier shall notify the dealer within thirty (30) days of receipt stating the specific grounds upon which the disapproval is based. If a claim is not specifically disapproved within thirty (30) days of receipt, it shall be deemed approved and payment by the supplier shall follow within thirty (30) days. If said payment is not made within thirty (30) days, the amount of the claim that remains unpaid shall accrue interest beginning on the 31<sup>st</sup> day at the weekly average prime loan

rate, as of the 31<sup>st</sup> day, for the most recent week for which such an average rate has been published by the board of governors of the federal reserve system.

47-25-1803. If, after termination of a contract, the retailer submits a claim to the supplier for warranty work performed prior to the effective date of the termination, the supplier shall accept or reject the claim within thirty (30) days of its receipt.

47-25-1804. Warranty work performed by a retailer shall be compensated in accordance with the reasonable and customary amount of time required to complete such work, expressed in hours and fractions thereof multiplied by the retailer's established customer hourly retail labor rate, which shall have previously been made known to the supplier.

47-25-1805. Expenses expressly excluded under the supplier's warranty to the customer shall not be included or required to be paid on requests for compensation from the retailer for warranty work performed.

47-25-1806. All parts used by the retailer in performing such warranty work shall be paid to the retailer in the amount equal to the retailer's net price for such parts, plus a minimum of fifteen percent (15%). This addition is to reimburse the retailer for reasonable costs of doing business in performing such warranty service on the supplier's behalf including, but not limited to, freight and handling costs incurred.

47-25-1807. The supplier has the right to adjust for errors discovered during audit and, if necessary, to adjust claims paid in error.

47-25-1808. The retailer shall have the right to accept the supplier's reimbursement terms and conditions in lieu of the provisions of this part.

SECTION 2. This act shall take effect July 1, 2001, the public welfare requiring it.